Senate Amendments to House Bill No. 39

TO THE CLERK OF THE HOUSE:

THIS IS TO INFORM YOU THAT THE SENATE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

AMENDMENT NO. 1

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. Section 27-39-333, Mississippi Code of 1972, is amended as follows:

[Through June 30, 2007, this section shall read as follows:]

27-39-333. (1) For purposes of this section, the following terms shall have the meanings ascribed herein:

(a) "Political subdivision" means any political subdivision which receives ad valorem tax revenue.

(b) "Levying authority" means any political subdivision having legal authority to levy ad valorem taxes for its operation or for the operation of another political subdivision.

(2) Any political subdivision which, during a fiscal year, estimates that the amount of the ad valorem taxes or other anticipated revenue from local sources to be collected therein is less than the amount estimated at the time of formulation of its budget for the fiscal year due to circumstances which were unanticipated at the time of formulation of the budget and which will prevent the political subdivision from meeting its financial obligations may, with the approval of the levying authority for such political subdivision, issue promissory notes in an amount equal to the estimated shortfall of ad valorem taxes and/or revenue from local sources but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year. However, for reasons related to Hurricane Katrina, a political subdivision desiring to issue promissory notes in excess of twenty-five percent (25%) of its budget anticipated to be funded from the

sources of the shortfall may do so as provided in subsection (6) of this section.

(3) The proceeds of such notes shall be used in the budget or budgets in which the shortfall occurred and shall be used solely to offset the shortfall in such budgets for the fiscal year. The rate of interest paid thereon shall not exceed that amount set forth in Section 75-17-105, Mississippi Code of 1972. Except as otherwise provided in subsection (6) of this section, the indebtedness shall be repaid in full, including interest thereon, in equal installments, during the three (3) fiscal years next succeeding the fiscal year in which the notes were issued. For the payment of such indebtedness, the levying authority for the political subdivision shall, at its next regular meeting at which ad valorem taxes are lawfully levied, levy an ad valorem tax sufficient to repay the indebtedness in full, including interest. The proceeds of the notes shall be included as proceeds of ad valorem taxes for the purposes of the limitation on increases in revenue for the next succeeding fiscal year under Section 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of 1972, whichever is applicable depending upon the purpose for which such proceeds are used.

(4) Any notes issued under this section prior to the effective date of Laws 1987, Chapter 507, shall be repaid as provided in Section 28, Chapter 514, Laws of 1985.

(5) For the purposes of Sections 27-39-305, 27-39-320, 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when used in connection with the amount of funds generated in a preceding fiscal year shall include excess receipts collected in the next preceding fiscal year and deposited into a special account under Section 27-39-323.

(6) (a) For reasons related to Hurricane Katrina, a public school district may increase the amount of promissory notes that it may issue from an amount not in excess of twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall to an amount not to exceed fifty percent (50%) of

its budget anticipated to be funded from the sources of the shortfall, and may increase the time during which the indebtedness must be repaid in full to during the seven (7) fiscal years next succeeding the fiscal year in which the notes were issued, if the school district first receives the approval of the State Board of Education based upon written justification therefor; and

(b) For reasons related to Hurricane Katrina, a political subdivision that is not a public school district may increase the amount of promissory notes that it may issue from an amount not in excess of twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall to an amount not to exceed fifty percent (50%) of its budget anticipated to be funded from the sources of the shortfall, and may increase the time during which the indebtedness must be repaid to during the seven (7) years next succeeding the fiscal year in which the notes were issued, if the political subdivision first receives the approval of the State Treasurer based upon written justification therefor.

[From and after July 1, 2007, this section shall read as follows:]

27-39-333. (1) For purposes of this section, the following terms shall have the meanings ascribed herein:

(a) "Political subdivision" means any political subdivision which receives ad valorem tax revenue.

(b) "Levying authority" means any political subdivision having legal authority to levy ad valorem taxes for its operation or for the operation of another political subdivision.

(2) Any political subdivision which, during a fiscal year, estimates that the amount of the ad valorem taxes or other anticipated revenue from local sources to be collected therein is less than the amount estimated at the time of formulation of its budget for the fiscal year due to circumstances which were unanticipated at the time of formulation of the budget and which will prevent the political subdivision from meeting its financial obligations may, with the approval of the levying authority for

such political subdivision, issue promissory notes in an amount equal to the estimated shortfall of ad valorem taxes and/or revenue from local sources but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year.

(3) The proceeds of such notes shall be used in the budget or budgets in which the shortfall occurred and shall be used solely to offset the shortfall in such budgets for the fiscal year. The rate of interest paid thereon shall not exceed that amount set forth in Section 75-17-105, Mississippi Code of 1972. The indebtedness shall be repaid in full, including interest thereon, in equal installments, during the three (3) fiscal years next succeeding the fiscal year in which the notes were issued. For the payment of such indebtedness, the levying authority for the political subdivision shall, at its next regular meeting at which ad valorem taxes are lawfully levied, levy an ad valorem tax sufficient to repay the indebtedness in full, including interest. The proceeds of the notes shall be included as proceeds of ad valorem taxes for the purposes of the limitation on increases in revenue for the next succeeding fiscal year under Section 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of 1972, whichever is applicable depending upon the purpose for which such proceeds are used.

(4) Any notes issued under this section prior to the effective date of Laws 1987, Chapter 507, shall be repaid as provided in Section 28, Chapter 514, Laws of 1985.

(5) For the purposes of Sections 27-39-305, 27-39-320, 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when used in connection with the amount of funds generated in a preceding fiscal year shall include excess receipts collected in the next preceding fiscal year and deposited into a special account under Section 27-39-323.

SECTION 2. Section 37-57-108, Mississippi Code of 1972, is amended as follows:

[Through June 30, 2007, this section shall read as follows:]

37-57-108. In the event that the amount of revenue collected or estimated to be collected from local sources, on behalf of a school district during a fiscal year, is less than the amount provided for in the duly adopted budget of said school district for the fiscal year, then the school district may issue promissory notes in an amount and in the manner set forth in Section 27-39-333, not to exceed the estimated shortfall of revenue from local sources, but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year. A school district issuing notes under the provisions of this section shall not be required to publish notice of its intention to do so or to secure the consent of the qualified electors or the tax levying authority of such school district. <u>However, for reasons related to Hurricane Katrina, a public school district may issue promissory notes in an amount in excess of twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall to an amount not to exceed fifty percent (50%) of its budget anticipated to be funded from the sources of the shortfall, if the school district first receives the approval of the State Board of Education based upon written justification therefor.</u>

<u>[From and after July 1, 2007, this section shall read as follows:]</u>

37-57-108. In the event that the amount of revenue collected or estimated to be collected from local sources, on behalf of a school district during a fiscal year, is less than the amount provided for in the duly adopted budget of said school district for the fiscal year, then the school district may issue promissory notes in an amount and in the manner set forth in Section 27-39-333, not to exceed the estimated shortfall of revenue from local sources, but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year. A school district issuing notes under the provisions of this section shall not be required to publish notice of its intention to do so or to secure the consent of the qualified electors or the tax levying authority of such school district.

SECTION 3. This act shall take effect and be in force from and after its passage.

Further, amend by striking the title in its entirety and inserting in lieu thereof the following:

AN ACT TO AMEND SECTIONS 27-39-333 AND 37-57-108, MISSISSIPPI CODE OF 1972, TO AUTHORIZE SCHOOL DISTRICTS AND POLITICAL SUBDIVISIONS TO INCREASE TERM LIMIT AND REPAYMENT OPTIONS ON PROMISSORY NOTES ISSUED DUE TO REVENUE SHORTFALL RELATED TO HURRICANE KATRINA; AND FOR RELATED PURPOSES.

SS26\HB39A.J

John O. Gilbert
Secretary of the Senate